

Milwaukee County Employees' Retirement System (ERS)

Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 3-3-11, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:

Guy Stuller

Others Present:

Steve Huff

Mark Grady

Dale Yerkes

Marian Ninneman

Marilyn Mayr

1. Topic: 2010 Investment Assessment Report

Dale Yerkes reviewed ERS management's responses to recommendations in the Investment Assessment prepared by John Paprocki from The Joxel Group.

Those present agreed with the responses except for item 2, custodian bank valuation methods being read into the Pension Board's minutes. Steve Huff suggested that a representative from the custodian bank attend at least one Board meeting per year. This would give Board members and ERS staff the opportunity to discuss any concerns they may have with the trustee representative.

ERS Fiscal was directed to contact Marquette Associates and ask for periodic investment manager compliance reports.

2. Topic: County Executive Order on Waivers - Discussion

The discussion centered on how long a County Executive order lasts. Does it last beyond the County Executive that issued the order leaves office? Mark Grady indicated that although he had never reviewed this question, as a practical matter, it is up to each county executive to determine his or her own policy with respect to requesting pension benefit waivers from his at will appointees.

However, any waivers signed under the 2004 executive order are still in effect since they are all irrevocable.

The discussion next considered the fact that not all at-will employees signed all of the possible waivers. This is not ERS' responsibility. The County Executive can ask for or not ask for a waiver at his discretion. ERS' responsibility is limited to accepting waivers on an approved form and applying the waivers when calculating benefits.

Whether the acting County Executive or the soon to be elected County Executive decide to continue to request waivers from appropriate appointees, ERS's responsibility is merely to act on any waivers that are received. It was noted that County Executive's order to obtain waivers from appointees required action by the Director of Human Resources, not ERS.

3. Topic: ERS Banking Services (RFI) - Update

Dale Yerkes stated that ERS has received proposals for banking services from Wells Fargo, US Bank and M&I. Park Bank declined to submit a proposal due to the requirement for collateral if government deposit insurance was not enough to cover ERS' bank deposits. North Milwaukee State Bank did not reply to the request for a proposal.


A recommendation on the Banking Services RFI will be given to the Audit Committee at its April meeting.

4. Topic: 2011 RFP Schedule (Legal & Actuarial Services) - Update

Those present discussed the Actuarial Services RFP. It was decided that it would be a good idea to not issue this RFP until the Co-development RFP is complete. However, it would be good to get started on the Actuarial Services RFP. Steve Huff was asked to bring a draft of the RFP to the April Audit Committee meeting utilizing the prior actuarial RFP. Also, the anticipated contract time period should be July 1st through June 30th. This would allow the contract to end after the previous year's actuarial valuation is complete. The goal would be to issue the RFP in time to award a contract to start on July 1, 2011.

The Legal Services RFP was discussed. Mark Grady discussed two possible options related to legal services. First, the Pension Board and Corporation Counsel could approve a sole source contract with Reinhart, given the fact that ERS is in the middle of complicated tax matters with the IRS and changing legal counsel for tax matters now would be extremely difficult. Sole source contracts, without the issuance of an RFP, are used when a particular vendor is uniquely qualified to provide the services or in an emergency. In the alternative, legal services could be split into two contracts: one for tax work and a second for all other supplemental legal work. A sole source contract with Reinhart could be done for tax matters and an RFP issued for any other legal work. Guy Stuller indicated that he would prefer to wait to issue a single RFP for all legal services work once the IRS work is complete, but that the issue could be reviewed again in one year. There was also discussion concerning whether the contract would be held by ERS or Corporation Counsel or both.

5. Topic: **The Audit Committee adjourned at 1:55 PM**

A handwritten signature in cursive script, reading "Dale A. Yerkes". The signature is written in black ink and is positioned above a horizontal line.

Submitted by
Dale A. Yerkes
Fiscal Officer ERS